

## SAK EMKM IMPLEMENTATION IN MICRO AND SMALL ENTERPRISES: EVIDENCE FROM AN INDONESIAN GOLD RETAIL BUSINESS

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### Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in Indonesia's economy; however, many continue to experience difficulties in preparing financial statements that comply with applicable accounting standards. Despite the availability of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), empirical evidence concerning its implementation in gold retail businesses remains limited, particularly considering the sector's distinctive characteristics of high-value inventories and rapid price fluctuations. This study aims to evaluate the implementation of SAK EMKM at Sinar Baru Gold Store, assess the conformity of its existing bookkeeping practices with the standard, and reconstruct financial statements in accordance with SAK EMKM. A qualitative descriptive case study approach was employed using primary data obtained through semi-structured interviews with the business owner, direct observation, and financial transaction records covering the period from September to October 2025. Data were analyzed descriptively by comparing the enterprise's existing accounting practices with the recognition, measurement, presentation, and disclosure requirements of SAK EMKM. The findings reveal that the enterprise has not fully implemented SAK EMKM because its bookkeeping remains limited to recording daily cash receipts and disbursements without preparing complete financial statements. Nevertheless, the reconstructed financial statements indicate that the business maintains stable financial performance, positive profitability, strong liquidity, and sufficient financial information to produce standardized reports. The study contributes theoretically by extending the literature on SAK EMKM implementation within the underexplored gold retail sector and provides practical guidance for MSME owners, accounting practitioners, and policymakers in promoting standardized financial reporting, improving accounting literacy, and strengthening the sustainability and credibility of MSMEs.

**Keywords:** Accounting literacy; Financial reporting compliance; Gold retail business; MSME financial reporting; Standardized accounting.



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## **INTRODUCTION**

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy by generating employment opportunities, increasing household income, and contributing significantly to national economic growth. MSMEs have consistently demonstrated resilience during periods of economic crisis and remain one of the primary contributors to Indonesia's Gross Domestic Product (GDP), making them a fundamental pillar of the national economy (Lubis & Salsabila, 2024). Consequently, effective business management supported by sound financial management practices has become increasingly important to ensure the sustainability and long-term growth of MSMEs.

Despite their substantial economic contribution, many MSMEs continue to experience difficulties in managing their financial records. Business owners often maintain only basic records of cash receipts and cash disbursements, while comprehensive financial statements are rarely prepared. This condition limits their ability to evaluate financial performance accurately, manage working capital efficiently, determine business profitability, and obtain external financing from financial institutions (Fitri et al., 2023; Islamiyati et al., 2023). Furthermore, inadequate accounting knowledge and limited financial literacy remain the primary barriers preventing MSMEs from preparing financial statements in accordance with applicable accounting standards (Natasha, 2025).

To improve the quality of financial reporting among MSMEs, the Indonesian Institute of Accountants (IAI) introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), which provide a simplified accounting framework specifically designed to meet the characteristics and reporting needs of MSMEs (Ar'razi et al., 2023; Dharmawatii et al., 2024). SAK EMKM requires entities to prepare a Statement of Financial Position, an Income Statement, and Notes to the Financial Statements using a simplified recognition and measurement approach. The implementation of these standards is expected to improve the transparency, reliability, and comparability of financial information, thereby supporting managerial decision-making and facilitating access to external financing. Nevertheless, the adoption of SAK EMKM remains relatively limited because many business owners have not received adequate training, technical assistance, or accounting guidance (Al kindly & Susilowati, 2024).

Ideally, MSMEs should prepare financial statements in accordance with Indonesian Financial Accounting Standards to produce structured, transparent, and reliable financial information. Standardized financial reporting enables business owners to evaluate business performance, assess financial position, and formulate more informed strategic decisions. However, a considerable gap remains between these expectations and the actual accounting practices adopted by many MSMEs.

This gap is evident in Sinar Baru Gold Store, an MSME engaged in gold retailing that has not yet implemented SAK EMKM in its financial reporting practices. Financial records are limited to daily cash inflows and outflows, while essential financial statements, including the Statement of Financial Position, Income Statement, and Statement of Changes in Equity, are not

prepared in accordance with the applicable accounting standards. Such practices make it difficult for business owners to obtain accurate and comprehensive information regarding the financial condition and performance of the business.

Investigating this issue is particularly important because gold retail businesses possess unique operational characteristics that distinguish them from other MSMEs. High-value inventory, rapid fluctuations in gold prices, and significant inventory risk require systematic and well-organized accounting records. Without standardized financial reporting, business owners are exposed to greater risks of inaccurate profit measurement, inefficient inventory management, poor capital allocation, and inappropriate business decisions, all of which may threaten long-term business sustainability.

Previous studies have consistently reported that the implementation of SAK EMKM among Indonesian MSMEs remains relatively low. Research conducted by Fitri et al. (2023) found that MSMEs operating in the retail sector generally fail to prepare financial statements in accordance with SAK EMKM because of limited accounting knowledge. Similarly, Mustaghfiroh and Martin (2025) identified insufficient accounting literacy and the lack of technical guidance as the principal barriers to effective implementation of the standards. Islamiyati et al. (2023) also reported that most MSMEs continue to rely on simple bookkeeping systems that do not adequately support financial reporting requirements.

Other empirical studies have demonstrated the benefits of preparing financial statements in accordance with SAK EMKM. Davina and Manurung (2023) and Azahra et al. (2024) found that standardized financial reporting enables business owners to obtain a clearer understanding of their financial position, assets, liabilities, equity, and profitability. Likewise, Al kindy and Susilowati (2024) concluded that implementing SAK EMKM enhances financial reporting transparency and improves financial management practices among MSMEs.

Studies focusing on trading-sector MSMEs have also highlighted persistent implementation challenges. Ar'razi et al. (2023) reported that most trading businesses have not fully adopted SAK EMKM because of limited socialization and inadequate understanding of accounting standards, particularly in preparing Statements of Financial Position and Income Statements. Dharmawatii et al. (2024) further demonstrated that although MSMEs initially failed to apply SAK EMKM, financial information became more relevant, reliable, and understandable after financial statements were reconstructed in accordance with the standard. Similarly, Natasha (2025) argued that the low adoption of SAK EMKM is primarily attributable to business owners' limited awareness of the benefits of standardized financial reporting, as many continue to record only cash receipts and expenditures.

Although previous studies have extensively examined the implementation of SAK EMKM across various MSME sectors, empirical evidence concerning gold retail businesses remains scarce. Existing studies have predominantly focused on retail stores, food businesses, manufacturing enterprises, and other conventional MSMEs, whereas enterprises engaged in gold trading possess distinctive accounting characteristics because

of high-value inventory, substantial inventory risk, and continuous price volatility. Lubis and Salsabila (2024) emphasized that the absence of standardized financial reporting limits MSMEs' ability to evaluate business performance and obtain external financing, while Syarili and Al sukri (2025) argued that businesses with high-value assets require more structured accounting systems to ensure financial accountability and business sustainability. Consequently, research examining the implementation of SAK EMKM in gold retail MSMEs remains limited, creating an important research gap that warrants further investigation.

Accordingly, this study aims to analyze the implementation of SAK EMKM at Sinar Baru Gold Store, evaluate the conformity of its existing financial records with the requirements of SAK EMKM, and reconstruct the entity's financial statements in accordance with the applicable accounting standards. Specifically, the study prepares a Statement of Financial Position, an Income Statement, and a Statement of Changes in Equity based on information obtained through interviews with the business owner and direct observation of business activities. By providing an empirical case from the gold retail sector, this study contributes to the literature on SAK EMKM implementation while offering practical guidance for MSME owners in preparing standardized financial statements. Furthermore, the findings are expected to enrich academic discussions on financial reporting practices among MSMEs and serve as a reference for future studies examining accounting standard implementation in businesses with specialized operational characteristics.

## **LITERATURE REVIEW**

This section presents the theoretical foundation and critically reviews previous studies relevant to the research topic. Authors should demonstrate the current state of knowledge by synthesizing existing literature, identifying inconsistencies or unresolved issues, and highlighting the research gap addressed by the study. The literature review should establish a strong theoretical basis that supports the research objectives and contributes to the development of accounting knowledge.

For quantitative research, this section may include the development of the conceptual framework and hypothesis formulation based on relevant theories and prior empirical findings. For qualitative, mixed methods, and conceptual research, authors should present the theoretical framework, analytical perspective, or research propositions appropriate to the research design. MSMEs and Financial Reporting

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as a fundamental driver of Indonesia's economic development because they contribute substantially to employment creation, income generation, and national economic growth (Lubis & Salsabila, 2024). Despite their economic significance, many MSMEs continue to experience challenges in financial management, particularly in maintaining systematic accounting records and preparing standardized financial statements. Most business owners rely on simple bookkeeping practices that record only cash receipts and cash

payments, making it difficult to assess financial performance, determine profitability, evaluate business sustainability, and obtain external financing (Fitri et al., 2023; Islamiyati et al., 2023).

Financial statements provide relevant and reliable information regarding an entity's financial position and operating performance, thereby supporting managerial decision-making and accountability to stakeholders (Davina & Manurung, 2023). However, the quality of financial reporting among Indonesian MSMEs remains relatively low because many business owners have limited accounting knowledge and inadequate financial literacy (Natasha, 2025). Consequently, improving financial reporting practices has become an important prerequisite for strengthening MSME competitiveness and long-term sustainability.

### **Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM)**

To address the limitations of conventional accounting standards for small businesses, the Indonesian Institute of Accountants (IAI) introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), which became effective on 1 January 2018 (Ar'razi et al., 2023). SAK EMKM provides a simplified financial reporting framework specifically designed for entities without significant public accountability while remaining consistent with fundamental accounting principles (Dharmawatii et al., 2024).

Compared with other Indonesian accounting standards, SAK EMKM adopts historical cost as the primary measurement basis and simplifies recognition, measurement, and presentation requirements to facilitate implementation by MSMEs (Dharmawatii et al., 2024). The standard is intended to improve the quality, transparency, and comparability of financial reporting while accommodating the operational characteristics and limited accounting capabilities of MSMEs. Furthermore, standardized financial statements prepared under SAK EMKM are expected to enhance business credibility, facilitate access to bank financing, improve tax compliance, and support managerial decision-making (Dharmawatii et al., 2024; Syarili & Al sukri, 2025).

Although SAK EMKM has been available for several years, its implementation remains relatively limited. Previous studies consistently indicate that inadequate accounting knowledge, insufficient training, limited institutional support, and low awareness of the benefits of standardized financial reporting continue to hinder its adoption among Indonesian MSMEs (Ar'razi et al., 2023; Mustaghfiroh & Martin, 2025; Natasha, 2025). Similar findings are also reflected in broader reviews of SAK EMKM implementation across Indonesia, which report that accounting literacy, education, business size, and institutional support remain the principal determinants of successful implementation.

### **Financial Statements under SAK EMKM**

SAK EMKM requires MSMEs to prepare three primary financial statements: the Statement of Financial Position, the Income Statement, and the Notes to the Financial

Statements (Fitri et al., 2023). These reports are prepared using the accrual basis and the business entity concept, ensuring that financial information accurately reflects the entity's financial condition rather than the owner's personal finances (Arafuri & Arini, 2024).

The Statement of Financial Position presents the entity's assets, liabilities, and equity at the reporting date, providing information regarding its financial resources and obligations (Natasha, 2025). The Income Statement summarizes revenues and expenses during the reporting period, enabling users to evaluate profitability and operational performance (Khotimah et al., 2024). Meanwhile, the Notes to the Financial Statements disclose accounting policies, measurement methods, and additional explanations necessary for understanding material transactions and financial statement items (Azahra et al., 2024).

For businesses operating in the gold retail industry, standardized financial reporting is particularly important because high-value inventories and frequent price fluctuations require accurate inventory measurement and systematic financial recording. Consequently, the implementation of SAK EMKM provides an appropriate framework for improving financial accountability and supporting sound business management.

#### **Previous Studies and Research Gap**

Previous studies have consistently demonstrated that the implementation of SAK EMKM among Indonesian MSMEs remains below expectations. Fitri et al. (2023) reported that most retail-sector MSMEs have not prepared financial statements in accordance with SAK EMKM because of limited accounting knowledge. Similarly, Mustaghfiroh and Martin (2025) found that inadequate accounting literacy and insufficient technical assistance constitute the principal barriers to effective implementation. Islamiyati et al. (2023) also observed that the majority of MSMEs continue to rely on simple bookkeeping systems that do not satisfy financial reporting requirements.

Conversely, several studies have highlighted the benefits of implementing SAK EMKM. Davina and Manurung (2023) and Azahra et al. (2024) demonstrated that standardized financial statements provide clearer information regarding assets, liabilities, equity, and business profitability, thereby improving managerial decision-making. Likewise, Al kindly and Susilowati (2024) concluded that the implementation of SAK EMKM enhances financial reporting transparency and strengthens financial management practices among MSMEs. Ar'razi et al. (2023) further emphasized that limited dissemination of accounting standards remains a significant obstacle to implementation, while Dharmawatii et al. (2024) showed that reconstructing financial statements in accordance with SAK EMKM substantially improves the relevance, reliability, and understandability of accounting information.

Although previous research has examined the implementation of SAK EMKM in retail businesses, food industries, manufacturing enterprises, and other MSME sectors, empirical evidence regarding gold retail MSMEs remains limited. Existing studies generally focus on evaluating compliance with SAK EMKM without considering the

distinctive accounting characteristics of gold trading businesses, including high-value inventories, rapid price volatility, and inventory valuation risks. Syarili and Al sukri (2025) argued that businesses possessing high-value assets require more structured accounting systems to ensure accountability and business sustainability, while Lubis and Salsabila (2024) highlighted that the absence of standardized financial reporting constrains MSMEs' access to external financing and strategic decision-making.

Accordingly, this study addresses the existing research gap by examining the implementation of SAK EMKM in Sinar Baru Gold Store, an MSME operating in Indonesia's gold retail sector. Unlike previous studies, this research not only evaluates the conformity of existing bookkeeping practices with SAK EMKM but also reconstructs the financial statements in accordance with the applicable accounting standards. Consequently, the study contributes both theoretically and practically by extending the literature on SAK EMKM implementation within a business sector characterized by unique inventory management and financial reporting challenges.

## **RESEARCH METHOD**

This study employed a qualitative descriptive approach using a case study design to examine the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Sinar Baru Gold Store, an MSME operating in the gold retail sector. The case study approach was selected to provide an in-depth understanding of the entity's financial reporting practices and to evaluate the extent to which its accounting records comply with the requirements of SAK EMKM.

The research focused on the financial records, business profile, and historical financial information of Sinar Baru Gold Store. Primary data were collected through semi-structured interviews with the business owner, Mrs. Lisa Darmawati, complemented by direct observation of the enterprise's accounting and bookkeeping practices. This combination of data collection techniques enabled the researcher to obtain comprehensive information regarding the entity's existing financial reporting system.

The fieldwork was conducted on 26 October 2025 at Sinar Baru Gold Store, located on Jl. Raya Kayu Tinggi, Cakung Village, Cakung District, East Jakarta, Indonesia. The unit of analysis comprised the accounting process applied to the business's financial transactions. Transactional data covering the period from September to October 2025 were analyzed to examine how financial transactions were recorded and to assess whether the resulting financial reports conformed to the recognition, measurement, presentation, and disclosure requirements prescribed by SAK EMKM.

The collected data were analyzed descriptively by comparing the existing bookkeeping practices of the enterprise with the financial reporting requirements established under SAK EMKM. This analytical approach enabled the identification of gaps between current accounting practices and the applicable accounting standards, thereby providing the basis for reconstructing the financial statements in accordance with SAK EMKM and evaluating the level of compliance achieved by the enterprise.

## RESULTS AND DISCUSSION

This study examined the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Sinar Baru Gold Store, an MSME operating in the gold retail sector in East Jakarta. The findings were derived from interviews with the business owner, direct observation of bookkeeping practices, and an examination of financial transaction records covering the period from September to October 2025. The analysis focused on evaluating the conformity of the enterprise's financial reporting practices with the requirements of SAK EMKM and reconstructing financial statements in accordance with the applicable accounting standards.

The interview findings indicate that Sinar Baru Gold Store has not fully implemented SAK EMKM in its financial reporting practices. Financial records remain limited to simple daily cash receipts and cash disbursements, while comprehensive financial statements required under SAK EMKM, including the Statement of Financial Position, Income Statement, and Notes to the Financial Statements, have not been prepared by the business owner. The owner also acknowledged having limited knowledge of SAK EMKM, indicating that insufficient accounting literacy and limited exposure to accounting standards remain significant barriers to implementation.

Despite these limitations, the business demonstrates relatively stable financial performance. The interview revealed that the enterprise no longer has outstanding business debt, although it previously obtained a bank loan of IDR 35,000,000 as initial business capital. The owner also confirmed that business assets have been separated from personal assets, indicating partial compliance with one of the fundamental accounting principles required under SAK EMKM. Furthermore, the enterprise consistently generates monthly profits and has never experienced operational losses since its establishment, reflecting stable business operations supported by continuous customer demand.

### Income Statement

Based on the transaction data collected for October 2025, the researcher reconstructed the Income Statement in accordance with SAK EMKM.

**Table 1. Income Statement of Sinar Baru Gold Store for the Period  
Ended 31 October 2025**

| Description               | Debit        | Credit     |
|---------------------------|--------------|------------|
| Revenue                   |              | 50,000,000 |
| Cost of Goods Sold        | (45,000,000) |            |
| Gross Profit              | 5,000,000    |            |
| <b>Operating Expenses</b> |              |            |
| Salary Expense            | (1,200,000)  |            |
| Electricity Expense       | (500,000)    |            |
| Water Expense             | (250,000)    |            |
| Total Operating Expenses  | (1,950,000)  |            |
| <b>Net Profit</b>         |              | 3,050,000  |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

The reconstructed Income Statement indicates that the enterprise generated total operating revenue of IDR 50,000,000 during October 2025, with no additional non-operating income. After deducting the cost of goods sold and operating expenses, the enterprise reported a net profit of IDR 3,050,000. These findings suggest that the business maintained profitable operations during the reporting period despite relying on a simplified bookkeeping system.

### **Employee Compensation**

The enterprise employs three employees whose compensation consists of monthly salaries and meal allowances.

**Table 2. Employee Compensation at Sinar Baru Gold Store (2025)**

| Employee | Position | Monthly Salary (IDR) | Daily Meal Allowance (IDR) | Estimated Monthly Compensation (IDR) |
|----------|----------|----------------------|----------------------------|--------------------------------------|
| Employee | Staff    | 500.000              | 25.000                     | 1,250,000                            |
| Employee | Staff    | 350.000              | 25.000                     | 1.100.000                            |
| Employee | Staff    | 350.000              | 25.000                     | 1.100.000                            |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

The compensation structure indicates that employee remuneration includes both fixed salaries and meal allowances. This reflects the entity's responsibility toward employees and represents a recurring operating expense that should be recognized appropriately under SAK EMKM.

### **Business Revenue**

The interview further revealed that the enterprise consistently generates monthly sales of approximately IDR 50,000,000, resulting in cumulative revenue of IDR 500,000,000 during the period from January to October 2025.

**Table 3. Business Revenue of Sinar Baru Gold Store (January–October 2025)**

| Periode                           | Revenue (IDR) |
|-----------------------------------|---------------|
| January–October 2025              | 500,000,000   |
| Estimated Average Monthly Revenue | 50,000,000    |
| Estimated Annual Revenue          | 600,000,000   |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

Based on these revenue figures, the researcher classified Sinar Baru Gold Store as a small enterprise, as its estimated annual revenue exceeds IDR 300,000,000. The findings also demonstrate that the enterprise maintains a relatively stable sales volume throughout the reporting period, emphasizing the importance of standardized financial

reporting for monitoring business performance and supporting managerial decision-making.

### Statement of Financial Position

To evaluate compliance with SAK EMKM, the researcher reconstructed the Statement of Financial Position using the available financial information.

**Table 4. Statement of Financial Position of Sinar Baru Gold Store as of 31 October 2025**

| <b>Assets</b>                  | <b>Amount (IDR)</b> |
|--------------------------------|---------------------|
| Cash                           | 35,000,000          |
| Gold Inventory                 | 45,000,000          |
| Office Supplies                | 1,500,000           |
| Display Cabinets               | 5,000,000           |
| Gold Scales                    | 2,000,000           |
| Safe Deposit Box               | 4,000,000           |
| Vehicle                        | 8,000,000           |
| Less: Accumulated Depreciation | (3,500,000)         |
| Total Assets                   | 97,000,000          |
| <b>Liabilities and Equity</b>  | <b>Amount (IDR)</b> |
| Trade Payables                 | -                   |
| Total Liabilities              | -                   |
| Owner's Capital                | 93,950,000          |
| Current-Year Profit            | 3,050,000           |
| Total Equity                   | 97,000,000          |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

The reconstructed Statement of Financial Position shows total assets of IDR 97,000,000, primarily consisting of cash and gold inventory. The enterprise reported no outstanding liabilities, while total equity amounted to IDR 97,000,000, comprising owner's capital and current-year profit. These findings indicate a strong liquidity position, although the financial reporting process still requires complete Notes to the Financial Statements to fully comply with SAK EMKM.

### Statement of Changes in Equity

**Table 5. Statement of Changes in Equity of Sinar Baru Gold Store for the Period Ended 31 October 2025**

| <b>Description</b>  | <b>Amount (IDR)</b> |
|---------------------|---------------------|
| Beginning Capital   | 93,950,000          |
| Current-Year Profit | 3,050,000           |
| Ending Equity       | 97,000,000          |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

The Statement of Changes in Equity indicates that the increase in equity resulted entirely from the current-year profit earned during the reporting period, increasing total equity from IDR 93,950,000 to IDR 97,000,000.

### **Compliance with SAK EMKM**

The final stage of the analysis evaluated the completeness of the financial statements prepared by the enterprise based on SAK EMKM requirements.

**Table 6. Compliance of Financial Statement Components with SAK EMKM**

| No. | Financial Statement Component     | Compliance Status |
|-----|-----------------------------------|-------------------|
| 1   | Statement of Financial Position   | Complete          |
| 2   | Income Statement                  | Complete          |
| 3   | Notes to the Financial Statements | Incomplete        |

Source: Sinar Baru Gold Store, processed by the researcher (2025).

Overall, the findings demonstrate that Sinar Baru Gold Store has not fully implemented SAK EMKM. Although the business owner performs simple bookkeeping, separates business assets from personal assets, and maintains basic income records, the financial reporting system remains incomplete because the required financial statements are not prepared comprehensively in accordance with SAK EMKM. The study therefore concludes that limited accounting knowledge, insufficient financial literacy, and the lack of training and technical assistance constitute the primary barriers to the adoption of SAK EMKM within the enterprise.

This study investigated the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at **Sinar Baru Gold Store** by evaluating the conformity of its existing bookkeeping practices with SAK EMKM and reconstructing financial statements in accordance with the standard. Overall, the findings reveal that although the enterprise demonstrates stable financial performance and sound business continuity, the implementation of SAK EMKM remains incomplete because financial reporting practices are still limited to simple cash-based bookkeeping. These findings provide empirical evidence that accounting literacy, rather than business performance, remains the primary determinant of accounting standard implementation among Indonesian MSMEs.

### **Implementation of SAK EMKM in Sinar Baru Gold Store**

The first objective of this study was to evaluate the implementation of SAK EMKM within Sinar Baru Gold Store. The findings indicate that the enterprise has not fully adopted SAK EMKM because the owner only records daily cash inflows and outflows without preparing complete financial statements required by the standard, including the Statement of Financial Position, Income Statement, and Notes to the Financial Statements. The owner also acknowledged having limited knowledge of SAK EMKM, indicating that inadequate accounting literacy remains the principal obstacle to implementation.

These findings are consistent with the theoretical perspective that SAK EMKM was specifically introduced to simplify financial reporting for entities lacking public accountability while maintaining fundamental accounting principles (Ar'razi et al., 2023; Dharmawatii et al., 2024). However, the intended benefits of simplified standards cannot be realized unless business owners possess sufficient accounting knowledge and receive adequate technical assistance. Consequently, the present findings reinforce previous studies by Fitri et al. (2023), Islamiyati et al. (2023), Mustaghfiroh and Martin (2025), and Natasha (2025), all of which concluded that limited accounting knowledge and financial literacy remain the primary barriers preventing MSMEs from implementing SAK EMKM effectively.

Interestingly, although the enterprise has not fully complied with SAK EMKM, the owner has already separated business assets from personal assets. This practice reflects partial compliance with the business entity concept, which constitutes one of the fundamental accounting principles underlying SAK EMKM. Such findings suggest that MSMEs may gradually adopt accounting principles even before implementing complete financial reporting standards, particularly when business owners recognize the managerial benefits of separating personal and business finances.

### **Compliance of Financial Reporting with SAK EMKM**

The second objective of this study was to assess whether the existing financial records complied with SAK EMKM requirements. The reconstructed financial statements demonstrate that the available accounting information was sufficient to prepare an Income Statement, Statement of Financial Position, and Statement of Changes in Equity. Nevertheless, these reports were not originally prepared by the enterprise itself but were reconstructed by the researcher using interview data and supporting financial records. Moreover, the Notes to the Financial Statements remain incomplete, indicating that full compliance with SAK EMKM has not yet been achieved.

According to SAK EMKM, financial statements should provide relevant, reliable, understandable, and comparable information to support business decision-making. The reconstructed financial statements reveal that Sinar Baru Gold Store generated monthly revenue of IDR 50,000,000 and net income of IDR 3,050,000 while maintaining total assets of IDR 97,000,000 and no outstanding liabilities. These financial indicators suggest that the enterprise is financially healthy and maintains strong liquidity. However, because these financial reports were not prepared routinely by the owner, important financial information cannot be consistently monitored for strategic planning or external reporting purposes.

These findings support previous empirical studies conducted by Davina and Manurung (2023) and Azahra et al. (2024), which demonstrated that standardized financial statements provide clearer information regarding business assets, liabilities, equity, and profitability. Likewise, Dharmawatii et al. (2024) reported that reconstructing financial statements based on SAK EMKM substantially improves the relevance, reliability, and understandability of financial information. Therefore, this study confirms

that the principal challenge faced by many MSMEs lies not in business performance but in translating existing financial information into standardized accounting reports.

### **Financial Performance and Business Sustainability**

Although the implementation of SAK EMKM remains incomplete, the financial condition of Sinar Baru Gold Store appears relatively strong. The enterprise consistently generates monthly revenue, reports positive net income, has no outstanding business liabilities, and maintains substantial cash and inventory balances. These findings indicate effective operational performance despite the absence of standardized financial reporting.

From a managerial perspective, these results illustrate that operational success alone does not guarantee effective financial management. Gold retail businesses possess unique characteristics, including high-value inventories, rapid price fluctuations, and considerable inventory risks, all of which require systematic accounting records to support inventory valuation, profitability measurement, and capital management. This observation supports the argument of Syarili and Al Sukri (2025), who emphasized that enterprises possessing high-value assets require more structured accounting systems to ensure accountability and long-term sustainability.

Furthermore, the reconstructed Statement of Financial Position demonstrates that inventory represents the largest asset category within the enterprise. This finding highlights the importance of standardized accounting procedures for inventory recognition and measurement because inaccuracies in inventory valuation could significantly affect reported profitability and financial position. Consequently, SAK EMKM becomes particularly relevant for gold retail businesses compared with many other MSME sectors.

### **Implications for Accounting Practice among Indonesian MSMEs**

The findings of this study provide both theoretical and practical implications. Theoretically, this research extends previous studies on SAK EMKM implementation by providing empirical evidence from Indonesia's gold retail sector, which has received relatively limited scholarly attention. Unlike previous studies focusing primarily on retail stores, food businesses, or manufacturing enterprises, this study demonstrates that the accounting challenges faced by gold retailers are closely associated with inventory valuation, high-value assets, and financial accountability.

Practically, the reconstructed financial statements developed in this study provide a practical model that can be adopted by similar MSMEs seeking to implement SAK EMKM. The findings also indicate that improving accounting literacy alone may not be sufficient unless accompanied by continuous technical assistance, mentoring programs, and institutional support from professional accounting organizations, universities, and government agencies. These observations reinforce the conclusions of Al Kindy and Susilowati (2024), who argued that broader dissemination and continuous mentoring are essential for improving SAK EMKM adoption among Indonesian MSMEs.

Moreover, the study demonstrates that standardized financial reporting generates benefits extending beyond regulatory compliance. Reliable financial statements

strengthen managerial decision-making, facilitate access to bank financing, improve financial transparency, and enhance business credibility before external stakeholders. Therefore, implementing SAK EMKM should be viewed not merely as an accounting obligation but as a strategic managerial tool supporting sustainable MSME development.

Overall, this study confirms that Sinar Baru Gold Store has not yet fully implemented SAK EMKM, primarily because of limited accounting knowledge and insufficient technical guidance rather than weak financial performance. Nevertheless, the reconstruction of financial statements demonstrates that the enterprise possesses adequate financial information to prepare standardized reports in accordance with SAK EMKM. These findings strengthen previous empirical evidence suggesting that the successful implementation of SAK EMKM depends largely on improving accounting literacy, institutional support, and continuous mentoring for MSME owners. Consequently, this study contributes to the growing body of literature advocating broader adoption of SAK EMKM as an effective mechanism for improving financial transparency, accountability, and long-term business sustainability among Indonesian MSMEs, particularly those operating in specialized sectors such as gold retailing.

## CONCLUSION

. This study examined the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) at Sinar Baru Gold Store by evaluating the conformity of its existing bookkeeping practices with the requirements of SAK EMKM and reconstructing financial statements based on the applicable accounting standard. The findings reveal that the enterprise has not yet fully implemented SAK EMKM, as its accounting practices remain limited to recording daily cash receipts and cash disbursements without preparing complete financial statements, particularly the Notes to the Financial Statements. The primary barriers to implementation are limited accounting knowledge, inadequate financial literacy, and insufficient technical guidance regarding standardized financial reporting.

Despite these limitations, the enterprise demonstrates stable financial performance, characterized by consistent monthly revenue, positive net profit, strong liquidity, and the absence of outstanding business liabilities. The reconstruction of the Statement of Financial Position, Income Statement, and Statement of Changes in Equity confirms that the available financial information is sufficient to produce standardized financial statements in accordance with SAK EMKM. These findings indicate that the principal challenge faced by the enterprise is not financial performance itself but the translation of existing financial information into standardized accounting reports that comply with applicable accounting standards.

The study also highlights the importance of implementing SAK EMKM for businesses operating in the gold retail sector, where high-value inventories and rapid price fluctuations require systematic accounting procedures to ensure accurate financial reporting and effective business decision-making. Therefore, broader implementation of

SAK EMKM, supported by continuous training, mentoring, and institutional assistance, is expected to enhance financial transparency, accountability, business credibility, and long-term sustainability among Indonesian MSMEs.

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